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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/710,611

07/23/2004

Lee J. Peart

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EXAMINER

CHAI, LONGBIT

ART UNIT

PAPER NUMBER

2431

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DELIVERY MODE

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/710,611	<b>Applicant(s)</b> PEART ET AL.	
	<b>Examiner</b> LONGBIT CHAI	<b>Art Unit</b> 2431	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 29 September 2008.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-7, 15-19 and 21 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-7, 15-19 and 21 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 23 July 2004 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                       | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>9/29/2008</u> .   | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Continued Examination Under 37 CFR 1.114***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 9/29/2008 has been entered.

### ***Response to Argument***

1. Applicant's arguments with respect to the phone interview on 10/9/2008 regarding the subject matter of the instant claims have been fully considered but are not persuasive.

2. Applicant asserts, on phone interview on 10/9/2008, that the 2<sup>nd</sup> analysis result is actually based upon the 1<sup>st</sup> analysis result, which is not taught by the prior-arts. Examiner respectfully disagrees because, according to Linehan disclosure, the second terminal analysis result is determined based upon a plurality of factors that indeed include the first analysis result that match the claim limitations recited in the claim (which is not merely based on Linehan's smart card authentication as Applicant argued) such as (a) a predetermined rule (Linehan: Column 8 Line 38 - 46: the input from the terminal and policies of the issuer), (b) the first terminal analysis result (Linehan: Column 8 Line 22 - 24: the terminal makes a preliminary decision based on whether the transaction amount exceeding a specified limit), and (c) the first PIC analysis result (Linehan: Column 6 Line 51 - 57: i.e. smart card authentication by using a dynamic data authentication with a signature dynamically generated by the smart card itself at

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the time of each payment). Therefore, Applicant's argument has no merit since what is exactly the alleged limitation that can distinct from the prior-art has not been recited into the claim.

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

A person shall be entitled to a patent unless –

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1 – 7, 15 – 19 and 21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Linehan (U.S. Patent 7,103,575), in view of Vuong et al. (U.S. Patent 2003/0195037).

As per claim 1 and 21, Linehan teaches method for securing a transaction utilizing a proximity integrated circuit (PIC) transaction device (Vuong : see below) and a terminal system (Linehan: Column 1 Line 8 – 17) comprising:

determining a first terminal analysis result (Linehan: Column 8 Line 22 – 24: the terminal makes a preliminary decision – i.e. a first terminal analysis result), at the terminal system, based at least in part on **one of an authentication of** authenticating the PIC transaction device using Offline Data Authentication (ODA) (Linehan : Column 9 Line 25 – 30, Column 8 Line 22 – 24 and Column 8 Line 43 – 45: ODA is disclosed and can be used and performed for transactions involving small amount of money), a transaction process restriction, and a merchant risk management factor (Linehan: Column 3 Line 19 – 21), the first terminal analysis result indicating at least one of approving the transaction offline, approving the transaction online, and denying

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the transaction (Linehan: Column 8 Line 22 – 24: the terminal makes a preliminary decision (i.e. a first terminal analysis result) whether to decline the transaction, authorize on-line, or attempt off-line authorization);

determining a first PIC analysis result, at the PIC transaction device, the first PIC analysis result indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction (Linehan : Column 8 Line 22 – 24, Column 9 Line 25 – 30 and Column 8 Line 43 – 45); and

if the terminal system receives a PIC issuer's response authorization during online authorization (Linehan: Column 9 Line 45 – 53, Column 6 Line 41 – 44 and Column 8 Line 38 – 46: the smart card issuing bank responds to the authorizing request), determining a second terminal analysis result, at the terminal system, based at least in part on a predetermined rule (Linehan: Column 8 Line 38 – 46) and at least one of the first terminal analysis result (Linehan: Column 8 Line 22 – 24: the terminal makes a preliminary decision – i.e. the first terminal analysis result) and the first PIC analysis result (Linehan: Column 6 Line 51 – 57: i.e. smart card authentication), the second terminal analysis result indicating at least **one of** approving the transaction offline and denying the transaction (Linehan: Column 10 Line 60 – 67 / Line 36 – 41: the second terminal analysis result assures the successful completion of the verification means in addition to the preliminary decision).

Linehan teaches a method for securing a transaction initiated with a integrated circuit (PIC) transaction device (Linehan : Column 1 Line 8 – 17). However, Linehan does not disclose expressly the proximity integrated circuit (PIC) transaction device.

Vuong teaches a proximity integrated circuit (PIC) transaction device (Vuong : Para [0014] and Para [0015]).

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It would have been obvious to a person of ordinary skill in the art at the time the invention was made to combine the teaching of Vuong within the system of Linehan because (a) Linehan teaches a method for securing a transaction initiated with a integrated circuit (PIC) transaction device (Linehan : Column 1 Line 8 – 17, and (b) Vuong teaches an alternative method for securing a transaction initiated with a proximity integrated circuit (PIC) transaction device such as a RFID circuit (Vuong: Vuong : Para [0014] / Para [0015] and Abstract).

As per claim 15, Linehan teaches a system for securing a transaction comprising:  
a proximity integrated circuit PIC transaction device (Vuong : see below), the PIC transaction device being operable to determine a first PIC analysis result, the first PIC analysis result indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction (Linehan : Column 8 Line 22 – 24, Column 9 Line 25 – 30 and Column 8 Line 43 – 45); and

a terminal system in communication with the PIC transaction device, the terminal system being operable to:

determine a first terminal analysis result (Linehan: Column 8 Line 22 – 24: the terminal makes a preliminary decision – i.e. a first terminal analysis result) based at least in part on one of an authentication of the PIC transaction device using Offline Data Authentication (ODA) (Linehan : Column 9 Line 25 – 30, Column 8 Line 22 – 24 and Column 8 Line 43 – 45: ODA is disclosed and can be used and performed for transactions involving small amount of money), a transaction process restriction, and a merchant risk management factor (Linehan: Column 3 Line 19 – 21), the first terminal analysis result indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction (Linehan: Column 8 Line 22 – 24: the terminal makes a preliminary decision (i.e. a first terminal analysis

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result) whether to decline the transaction, authorize on-line, or attempt off-line authorization); and

determine a second terminal analysis result, if the terminal system receives a PIC issuer's response authorization during online authorization (Linehan: Column 9 Line 45 – 53, Column 6 Line 41 – 44 and Column 8 Line 38 – 46: the smart card issuing bank responds to the authorizing request), based at least in part on a predetermined rule (Linehan: Column 8 Line 38 – 46) and at least one of the first terminal analysis result (Linehan: Column 8 Line 22 – 24: the terminal makes a preliminary decision – i.e. the first terminal analysis result) and the first PIC analysis result (Linehan: Column 6 Line 51 – 57: i.e. smart card authentication), the second terminal analysis result indicating at least one of approving the transaction offline and denying the transaction (Linehan: Column 10 Line 60 – 67 / Line 36 – 41: the second terminal analysis result assures the successful completion of the verification means in addition to the preliminary decision).

Linehan teaches a method for securing a transaction initiated with a integrated circuit (PIC) transaction device (Linehan : Column 1 Line 8 – 17). However, Linehan does not disclose expressly the proximity integrated circuit (PIC) transaction device.

Vuong teaches a proximity integrated circuit (PIC) transaction device (Vuong : Para [0014] and Para [0015]).

It would have been obvious to a person of ordinary skill in the art at the time the invention was made to combine the teaching of Vuong within the system of Linehan because (a) Linehan teaches a method for securing a transaction initiated with a integrated circuit (PIC) transaction device (Linehan : Column 1 Line 8 – 17, and (b) Vuong teaches an alternative method for securing a transaction initiated with a proximity integrated circuit (PIC) transaction device such as a RFID circuit (Vuong: Vuong : Para [0014] / Para [0015] and Abstract).

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As per claim 2 and 4, Linehan as modified teaches authentication includes authenticating offline, apportion of application data stored in the PIC (Linehan : Column 9 Line 25 – 39 and Column 7 Line 26 – 28).

As per claim 3, Linehan as modified teaches authorizing the transaction online (Linehan : Column 8 Line 47 – 58).

As per claim 5, Linehan as modified teaches authenticating a transaction device issuer online (Linehan : Column 8 Line 63 – 65).

As per claim 6, Linehan as modified teaches authorizing the transaction by requesting application data from the PIC (Linehan : Column 7 Line 26 – 28).

As per claim 7, Linehan as modified teaches receiving a response to a request for transaction device issuer authentication online, using the response to the request for authorization of the transaction device issuer as an input to the second terminal analysis result (Linehan : Column 7 Line 26 – 28, Column 9 Line 45 – 53, Column 6 Line 41 – 44, Column 8 Line 38 – 46 and Column 10 Line 60 – 67 / Line 36 – 41: (a) determine the disposition of the transaction request (declined or acceptable) based upon a response to a request for transaction device issuer authentication online) (b) the smart card issuing bank responds to the authorizing request and (c) the second terminal analysis result assures the successful completion of the verification means in addition to the preliminary decision).



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As per claim 16 and 18, Linehan as modified teaches said PIC transaction device is operable to provide a plurality of cryptogram applications (Linehan: Column 8 Line 2 – 3), a plurality of issuer predetermined transaction processing rules (Linehan: Column 8 Line 38 – 40), a issuer defined dataset for use in performing an issuer defined risk management analysis (Linehan: Column 3 Line 19 – 21), and a plurality of transaction disposition cryptograms in response to a command dataset for use in communicating with said PIC transaction (Linehan: Column 4 Line 66 – Column 7 Line 16)..

As per claim 17, Linehan as modified teaches said terminal system is operable to generate a merchant transaction disposition in accordance with a merchant risk management analysis performed by a merchant risk management application (Linehan : Column 6 Line 24 – 44, Column 9 Line 25 – 41 and Column 3 Line 19 – 21).

As per claim 19, Linehan as modified teaches said terminal system is operable to authorize said the transaction in response to receipt of at least **one of** a PIC transaction device cryptogram application, a issuer predetermined transaction processing rule, a issuer defined dataset for use in performing an issuer defined risk management analysis, an issuer provided authentication cryptogram, and a transaction disposition cryptogram, and a merchant risk management analysis (Linehan : Column 10 Line 66 – 67, Column 6 Line 24 – 44, Column 9 Line 25 – 41 and Column 3 Line 19 – 21).

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Any inquiry concerning this communication or earlier communications from the examiner should be directed to LONGBIT CHAI whose telephone number is (571)272-3788. The examiner can normally be reached on Monday-Friday 9:00am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kim Y. Vu can be reached on 571-272-3859. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Longbit Chai/

Longbit Chai Ph.D  
Primary Examiner, Art Unit 2431  
10/14/2008